

Auxly Cannabis Group

Corporate Presentation

March 2024

Auxly



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Use of Non-IFRS Measures

This presentation refers to Adjusted EBITDA and Gross Margin on Finished Cannabis Inventory Sold because certain investors may use this information to assess the Company’s performance and also determine the Company’s ability to generate cash flow. This data is furnished to provide additional information and are non-IFRS measures and do not have any standardized meaning prescribed by IFRS. Accordingly, these measures should not be considered in isolation nor as a substitute for analysis of the Company’s financial information reported under IFRS.

Established Leader in the Canadian Cannabis Market

Vision to be a global leader in cannabis products

Mission helping consumers live happier lives by providing them with quality cannabis products that they trust and love

- Founded in 2017; headquartered in Toronto, Ontario
- Consistently ranked among the top 10 LPs in national sales since legalization
- Track record of consumer-focused innovation
- Established portfolio of popular brands
- Extensive consumer-tailored product suite
- Focused product development and genetics expansion utilizing its state-of-the-art greenhouse facility

Industry Leading Product Development



Auxly has held a leadership position in national vape sales since legalization

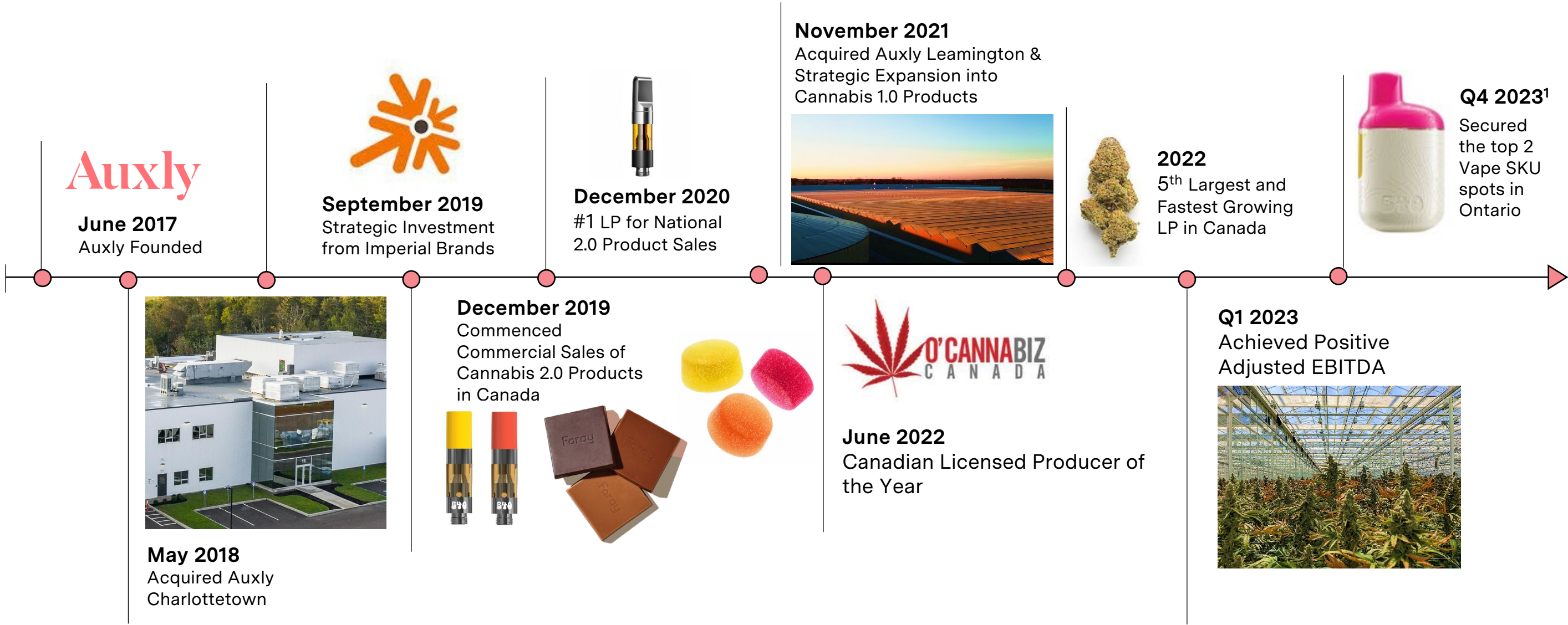


Since introducing its unique genetic strains to the market, Auxly has captured significant market share in the most competitive category in the industry



Industry-leading technology in pre-roll manufacturing has propelled Auxly to the forefront in the pre-roll category

A Persistent Drive for Excellence



(1) Hifyre IQ, disposable vapes as of December 2023

Key Strengths

Quality Cannabis Products Passionately Crafted for Everyday Happiness



State-of-the-art facilities and equipment that ensure a consistent product that meets our vigorous quality, safety and cost efficiency standards

Carefully curated product suite that speaks directly to each of our targeted consumers

Dedicated team that works tirelessly to meet ongoing market demand and ensure continued executional excellence

Dedicated to Canadian Consumers

Leading the Market in Quality Products

Product Development

- Reputation in Canada for producing high quality, safe and effective products
- Best-in-class in-house analytical lab operated by experienced analytical scientists
- Developed proprietary testing methods to monitor and measure product quality, stability and consistency in real-time

Manufacturing

- Designed sophisticated quality management systems across all areas of operations
- Stringent quality control across all the Company's facilities ensuring the delivery of quality products that have been thoroughly tested and inspected

Compliance

- History of regulatory and compliance excellence with Health Canada
- Auxly has received a “Class A+” Vendor status (highest rating possible) with the Ontario Cannabis Store for inbound quality inspections due to its high compliance record



**A Culture of Regulatory
and Compliance
Excellence**



Compelling Brands Across All Major Price Points



Back Forty a simple, uncomplicated cannabis brand that already feels familiar. High potency suite of products, consumers don't need to overthink its purpose.



Kolab Project offers a refined collection of high-quality cannabis products and design-focused, purposeful goods.



Foray is a versatile, modern, and inviting brand, designed for the curious. It's an accessible entry point for anybody and aims to celebrate and guide one's foray into cannabis.



Dosecann is a wellness focused brand that embraces science to unlock the therapeutic power of cannabis.



Parcel is an ultra-value brand that delivers quality cannabis at unbeatable prices, disproving the idea that less expensive equals lower quality.

A Portfolio of Winning Products

Product Categories	BACK FORTY	KOLAB PROJECT	Parcel	Foray	Dosecann
Dried Flower	✓	✓	✓		
Pre-Roll	✓	✓	✓		
Vapes	✓	✓		✓	
Edibles	✓			✓	
Concentrates		✓			
Oils (bottle; capsule)					✓
Topical					✓



High-Quality, Low-Cost Cultivation Advantage

Auxly Leamington

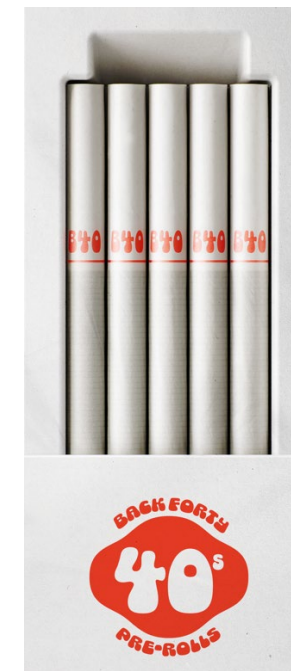


Overview & Capabilities

- 1.1 million sq. ft. purpose-built, highly automated greenhouse facility in Leamington, Ontario
- Customized growing environment with precision control over lighting, temperature and humidity
- State-of-the-art technology and automation throughout the facility allows for consistent high-quality product
 - Moving Table System
 - Climate Controls
 - Craft-At-Scale Post-Harvest Processes
 - Automated Packaging
- Unique genetics portfolio (~200 cultivars) with ongoing R&D program to meet evolving consumer needs
- Significant quality upgrades made in 2023 include hang drying, curing and dry trim

The Future of Pre-Roll Automation is Here

Next-Generation Pre-Roll Capabilities



Overview

- World's most advanced high-speed cannabis pre-roll filling and packaging capabilities
- Unrivaled operational and technical know-how
- Strain-specific primary processes to ensure consistent, high-quality product
- #1 and #2 Pre-Roll SKUs nationally in Q4 2024¹
- Category expansion through format innovation and portfolio expansion

Innovation and Manufacturing Excellence

Auxly Charlottetown



Overview & Capabilities

- Purpose-built, 52,000 sq. ft. processing and Cannabis 2.0 product manufacturing facility located in Charlottetown, PEI
- Specializes in research and development, innovation and advanced manufacturing
- Culture of innovation
 - First-to-market innovations across product classes
 - ~100 new SKUs developed over last two years
- Recognized as an industry leader in product quality
- Material product development and manufacturing know-how across all product classes

Increasing Breadth and Depth of Distribution

- Auxly has supply arrangements on the recreational side with 10 provincial and territorial boards (BC, AB, MB, ON, NL, NS, NB, PEI, NWT, YT), and one wholesaler (Open Fields – SK market).
- Auxly is present in over 91% of all stores in Canada¹
- Strategic partnerships in place with 20 retail chains (total of 768 retail stores)
- Auxly has agreements with five major medical distributors

Provincial Cannabis Boards and Private Wholesalers



- Mix of physical and digital store fronts
- Key account and category management
- Forecasting & demand planning collaboration
- Regional assortment opportunities to deliver against consumer preference

Multi-Provincial Chains



- Key account and Joint Business Planning
- Merchandising Planning
- In-store merchandising and trade tools
- Ongoing education for budtenders
- Forecasting collaboration

Provincial Retail Chains



- Opportunities for store level influence through trade tools and budtender engagement
- Manage trade areas and seasonality to support critical times
- Developed the 'Auxly Connect Program' to further reach the independent retailers and sign them into joint partnerships to better service consumers

2023 Overview



2023 Year-End Review

- 5th largest LP in Canada, securing 5% of the market
- Maintained leadership position in vapes, dried flower and pre-rolls, ending the year in the #3, #6 and #5 LP positions, respectively, in national market share
- Record net revenues of \$101.1 million, an increase of 7% compared to prior year
- Gross Margin on Finished Cannabis Inventory Sold¹ of 34% and secured 40% in Q4
- Positive Adjusted EBITDA¹ of \$1.5 million
- Generated \$8.2 million in cash flow from operations (Q4 - \$7.8 million)
- SG&A declined by over 17% compared to prior year
- Extended maturity date of Auxly Leamington's credit facility to December 31, 2025
- Secured the support of strategic partner Imperial Brands plc to convert \$123.4 million of its debt and interest in exchange for 19.8% equity stake in the Company

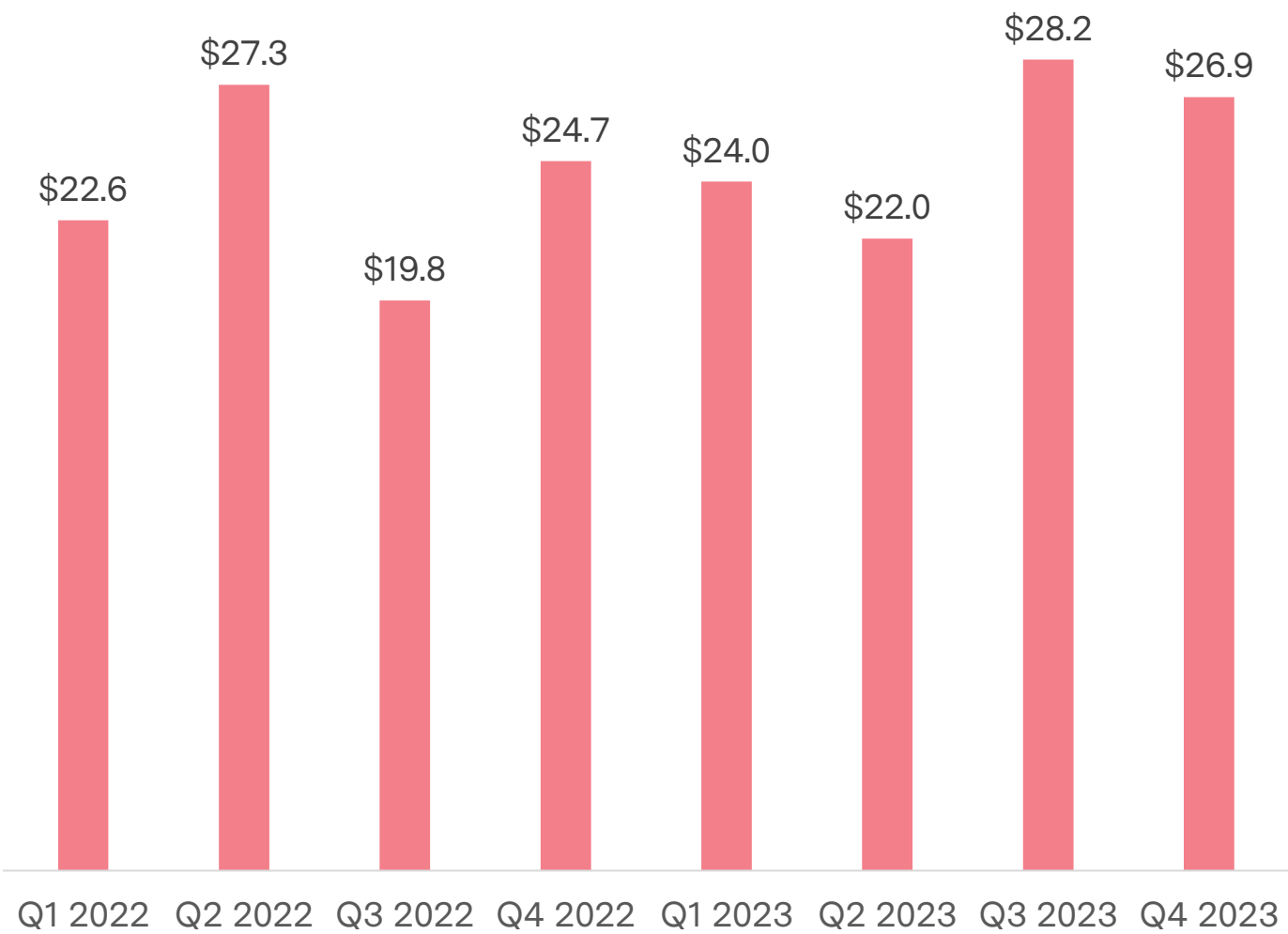


Financial Performance

Net Revenue Snapshot

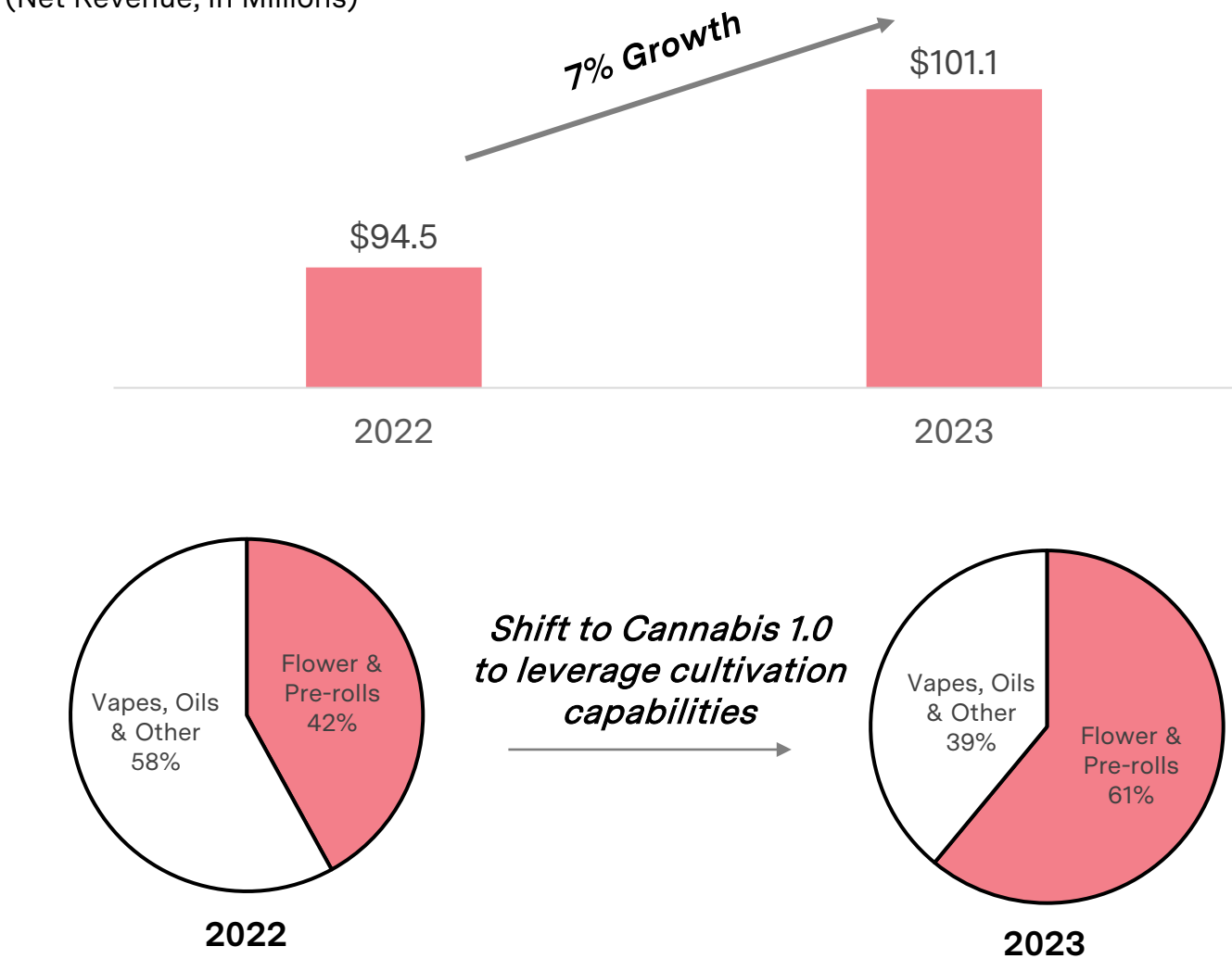
Net Revenue by Quarter

(Net Revenue, In Millions)



Revenue and Segment Overview¹

(Net Revenue, In Millions)



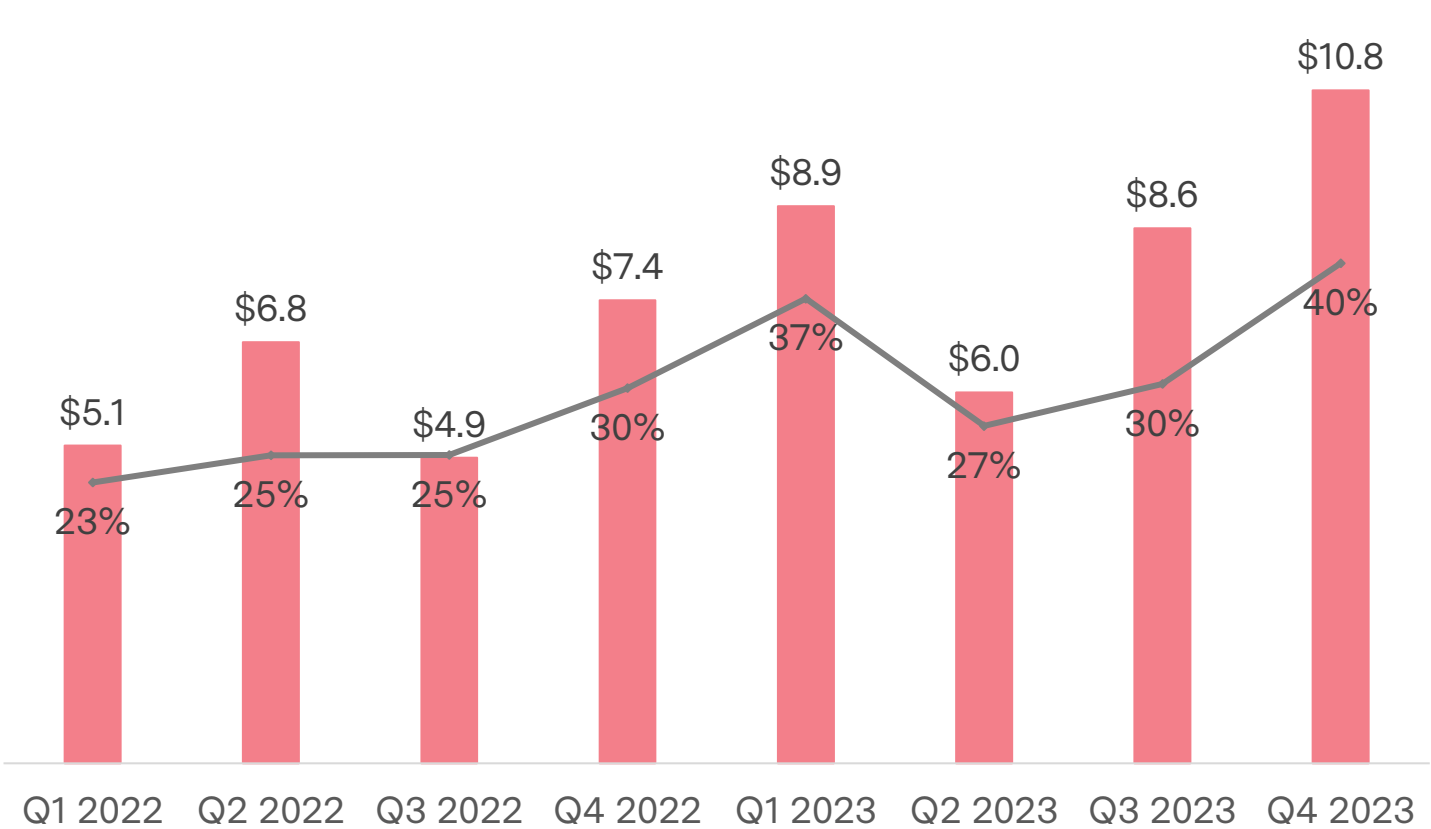
1) Cannabis 1.0 includes Dried Flower and Pre-roll sales; Cannabis 2.0 includes edible cannabis, cannabis extracts and cannabis topicals.

Financial Performance

Key Profitability Metrics

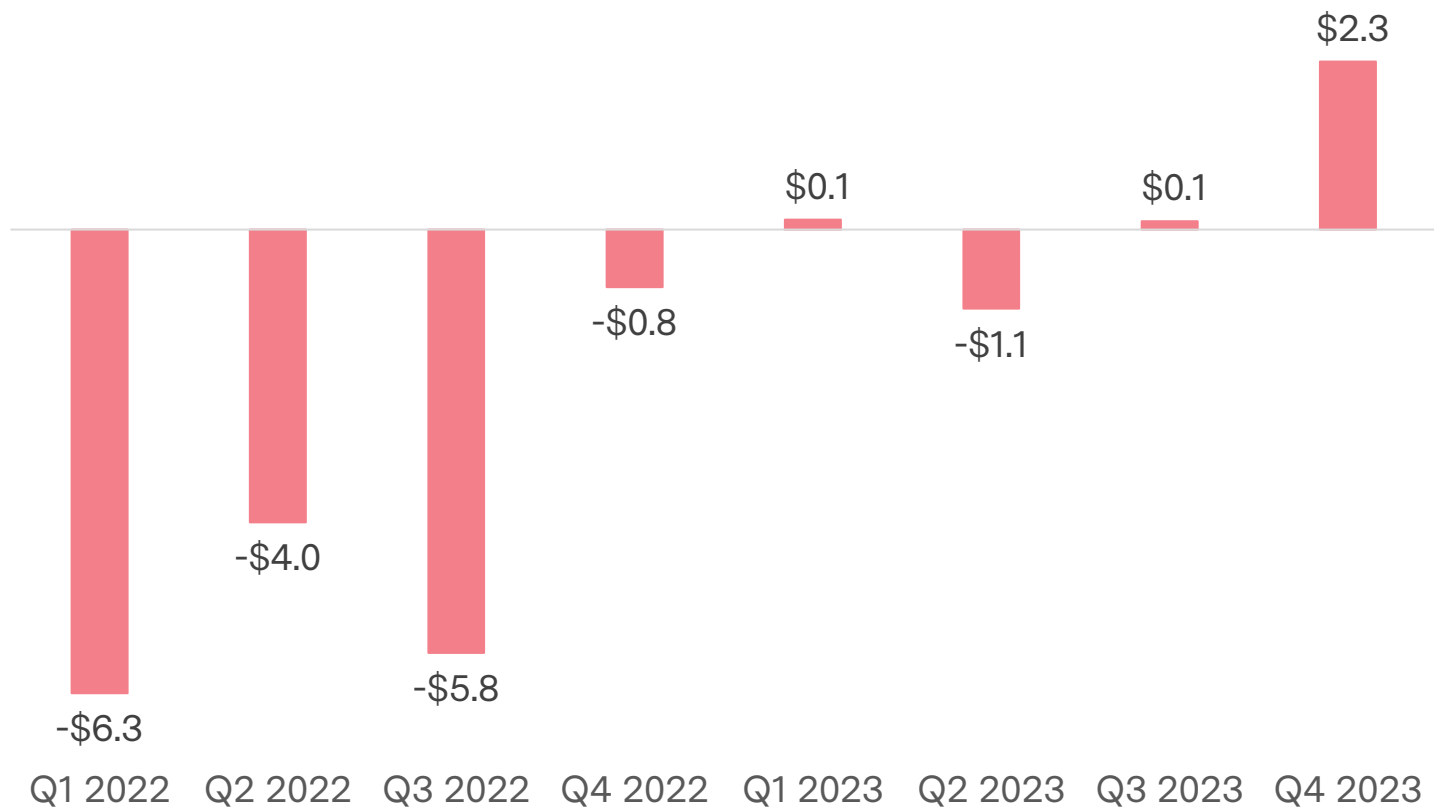
Gross Margin on Finished Cannabis Inventory Sold¹

(Gross Margin on Finished Cannabis Inventory Sold, In Millions)



Adjusted EBITDA¹

(Adjusted EBITDA, In Millions)



1) Non-IFRS financial measure not defined by and does not have any standardized meaning under IFRS and might not be comparable to similar financial measures disclosed by other issuers. See the cautionary statement regarding non-IFRS financial measures in MD&A.

Q4 2023 Key Financial Metrics

(In Millions unless otherwise indicated)

	Q4 2023	Q4 2022	% Change
Gross revenue	39.8	36.5	9%
Excise taxes	12.9	11.8	9%
Net revenue	26.9	24.7	9%
Gross margin on finished cannabis inventory sold ¹	10.8	7.4	45%
Gross margin on finished cannabis inventory sold (%) ¹	40%	30%	33%
Selling, general and administrative expenses	9.7	9.5	2%
Adjusted EBITDA ¹	2.3	(0.8)	393%
Net income/(loss)	(54.0)	(16.1)	(236%)
Net cash provided by/(used in) operating activities	7.8	5.7	36%



Summary

A Market Leader Poised for Profitability and Growth

- 5th largest LP in Canada
- Experienced and committed management team
- Industry-leading cultivation and manufacturing capabilities
- Established portfolio of brands and products with broad distribution
- Deep cannabis product development and innovation knowhow
- Track-record of quality and safety





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